

**SUBJECT : Distribution of Investment Against Target Objective, and Other Problem Areas.**

b. Investment (which represents future capability) may be distributed (1) to the year(s) in which it becomes an operating capability or (2) not at all.

c. If Investment is not distributed as a cost item, then it is meaningful to relate the Investment (which is stated in terms of Reporting Entity and Function) to its purpose for select intelligence force structure items such as aircraft, satellites, radars, drones, interception positions, etc.

5. The same Force elements could be related to the current operating capability (i.e., Expenses).

6. The result is that TOD would have Current Intelligence Capabilities for current resource costs, man years and select force element all related to Target via Operating Expenses. Investment in a future capability would, in turn, be related to the current capability via cost and selected force elements.

TOD Executive Secretary

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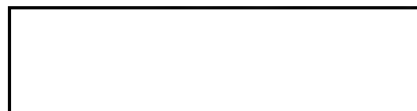
30 August 1967

MEMORANDUM FOR : Messrs. Fischer and Wollenberg  
SUBJECT : Cost Category Breakout in TOD

1. The draft Table #1 for TOD, which is forwarded herewith, makes provision for a dual breakout of Investment and Expense for each intelligence function (e.g. Collection, Processing, Production, etc. ) and also for a breakout of these costs in each of the Target Areas. I recommend that this breakout only be attempted with respect to the Resources column, but not be carried into the Target Area columns, and that Table #1 be revised further accordingly.

2. I have not been able to enunciate a rationale for further spreading the subdivisions of Investment and Expense into all the Target Areas. If for a given functional topic (such as Elint Collection) with respect to a particular reporting entity, the Investment and Expenses total resources are divided, say, 60% to Investment and 40% to Expenses (or vice versa), I see no rationale for concluding that this split would be any different for any individual Target Area. If there were a rationale for such a distinction, at the moment I rather strongly incline to the view that the complexity of identifying that difference is much more than the TOD system should be asked to accomplish in our initial effort. What evidence can be adduced that such an effort would not either be a substantial strain on our agencies existing accounting systems or would not require new accounting techniques to satisfy our requirement ?

3. In view of the foregoing, I think that the format of Table #3 as transmitted herewith is valid. I think, also, that Table #2 is appropriate; this calls for sub-breaks by Investment and Expense of each of the Sub-Functions of Intelligence (such as Elint Collection), but this subdivision is limited to total resources (less R&D) and is not Target-Oriented.



Chairman TOD Committee

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